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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 003740

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SUBJECT: TAIWAN PESSIMISTIC ABOUT EU ARMS EMBARGO

Classified By: AIT Director Douglas Paal; Reasons: 1.4 (B/D)

11. (C) Summary. Taiwan officials say that there is little they can do to prevent the eventual lifting of the EU arms embargo against the PRC. Ministry of Foreign Affairs (MOFA) officials are confident that the embargo will not be lifted this year, but they expect Beijing to offer some sort of concessions on human rights that will give EU states the cover they need to remove the ban by the end of 2005. Taipei maintains that Beijing is using its economic leverage to sway EU members and has offered substantial economic carrots to France and Germany in exchange for leading the charge. MOFA officials assert that another major reason France and Germany want to lift the embargo is to counter U.S. global power. Taipei has focused its lobbying efforts with human rights organizations and the Vatican. However, MOFA officials admit that Taiwan does not have much leverage to counter Beijing and is relying on U.S. and Japanese opposition to slow down the EU decision. End summary.

No Consensus...Yet

12. (C) MOFA officials believe that the EU arms embargo will not be lifted this year because member states are too far from a consensus on the matter. MOFA Deputy Director General (DDG) for European Affairs Hsieh Chun-teh told AIT that he is hearing that the Nordic countries and many of the Central-Eastern European members are opposed to a quick lifting of the embargo in light of the PRC's lack of progress on human rights, the potential impact of arms sales on regional stability, and opposition from key EU allies such as the U.S. and Japan. However, Hsieh told AIT he is not optimistic that a decision could be delayed past next year because of Beijing's increasing economic power and the growing influence of Germany and France inside the EU. Hsieh also stated that at the upcoming EU-PRC summit in December, Beijing will likely lobby key fence-sitters with promises of economic incentives. Hsieh told AIT that the summit will be important because it will reveal more clearly how the various member states come down on the issue.

France and Germany Leading the Charge

13. (C) Taiwan officials assert that Beijing has adeptly convinced Germany and France to take the lead in convincing other EU member states to lift the embargo. Vice Foreign Minister Michael Kau told AIT that he believes French President Jacques Chirac and German Chancellor Gerhard Schroeder were personally leading the efforts for economic and geo-political reasons. He said the main goal behind France and Germany's efforts is to counter-balance U.S. political and economic power. MOFA DDG Hsieh separately noted that the commercial success of Chirac's most recent visit to Beijing was a result of Chirac's efforts on the arms embargo issue. Hsieh added that in December, Schroeder is scheduled to visit Beijing and will likely receive similar rewards for his work.

14. (C) Lai I-Chung, the Director of Foreign Policy Studies at the Taiwan Think Thank, told AIT that most of the public in France and Germany is against lifting the embargo. Lai said that his military contacts in France have told him that most mid-level French defense officials do not support lifting the embargo, but have been ordered to get into line behind Chirac's policy. Lai added that his contacts believe that Chirac sees lifting the embargo as a step toward creating a multi-polar world, because it would increase tensions between Beijing and Washington, allowing France to consolidate power and influence in Europe. As for Germany, Lai asserted that Schroeder wants Germany to be more integrated into the EU and sees this as an important step. Lai noted that the German Bundestag recently passed a non-binding resolution condemning the government's decision to support the lifting of the ban. Lai commented that the government's decision to proceed anyway highlights Schroeder's determination on this issue. UK Sitting on the Fence

15. (C) MOFA assesses that the UK is playing the middle ground, but will probably eventually support lifting the embargo. Hsieh remarked that the UK is "a clever country"

and is still hedging its bets on supporting or opposing the lifting of the embargo. Hsieh said that although London is genuinely concerned about China's human rights record, the UK government does not want to anger Beijing and has thus far remained silent on this issue. Hsieh lamented that this leads him to believe that the UK will eventually support lifting the ban. Hsieh maintained that London will likely seek certain conditions before the embargo is lifted such as limiting the scope of what kind of weapons can be sold to the PRC. Taiwan Think Tank's Lai separately told AIT that the UK's standing has been hurt in the EU by its association with the U.S. He asked rhetorically why should it expend more capital by agreeing with the U.S. on this issue - especially since the embargo will eventually be lifted.

Strategy, What Strategy?

16. (C) Taipei has remained largely on the sidelines in the diplomatic battle over the embargo. When asked about MOFA's plan of action on the issue, MOFA DDG Hsieh told AIT that Taipei's strategy is to cooperate with Japan and the U.S. He added that Taiwan is using a variety of channels to express opposition such as working with human rights organizations and the Vatican, but Hsieh admitted that Taiwan has little leverage in Europe compared to Beijing. Hsieh suggested that the USG should focus on Central and Eastern Europe because they are more inclined to support the U.S. and generally don't like being pushed around by Germany and France. However, he admitted that Taipei has not actively lobbied Eastern European capitals. Separately, Lai told AIT he was doubtful that MOFA actually had a viable diplomatic strategy. He said that Taipei should shift its diplomatic focus to Eastern Europe because these nations share many common values and experiences with Taiwan.

Tactical Barriers, Strategic Clarity

17. (C) While MOFA officials admit that more could be done to delay the EU decision, they are clearly resigned to the final outcome. MOFA's Hsieh predicted that the issue will be finally resolved through a quid pro quo that would have the EU overturn the embargo in exchange for a Beijing concession on human rights. DDG Hsieh and his staff told AIT that "Beijing will give something to its EU friends" to help assuage their domestic constituencies. Hsieh said he is pessimistic because lifting the embargo appears to make strategic sense on both sides. Beijing wants to portray lifting the ban as a major gauge of the quality of EU-PRC relations, he remarked, while the EU sees the issue as a means to secure its economic relationship with China. To a certain extent, Hsieh assessed, both Beijing and leading EU capitals also see some benefit in using the issue to undermine Washington's influence in Asia. As to whether EU sourced weapons might eventually be used against U.S. forces, Vice Foreign Minister Kau told AIT that any change in the PRC's military ability would be devastating for Taiwan. Kau added that it is very important that the cross-strait military balance be maintained and he encouraged the U.S. to emphasize this point to Europe.

Comment: Taipei's Fatalistic Diplomatic Strategy

18. (C) There is little doubt Taiwan is hoping the U.S. and Japan can keep the arms embargo from being lifted for as long as possible. However, it is apparent that MOFA officials realize that their influence is limited in the face of Beijing's economic power and have concluded that there is little they can do to change the situation. As in many other areas of the world, Taipei finds itself on the defensive in Europe without any realistic plan for holding its ground. It would seem logical for Taipei to seek allies among the new democracies in Eastern Europe rather than devoting its limited resources lobbying parliaments and human rights organizations in the west. Once again, it appears that Taipei is simply cursing its fate and hoping that Washington can perform a miracle.

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